

## Eco Labelling Strategy in the New Marketing Era

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### ABSTRACT

In olden days, labels were used for communicating information. Eco-labels are labels that inform consumers that the product is environmentally friendlier when compared to their counter parts in the same category. According to Global Eco-labelling Network (GEN), “an eco-label identifies overall environmental performance of goods or services within a product category based on life cycle considerations. The emergence of eco-labelling was in 1970s when the global market demanded a comprehensive tool that links the environmental regulations with performance standards. Eco-labelling is a technique which is used to impart communication information to the consumers about the relative environmental quality of a product. Through the late 1990s and early 2000's, the eco-labelling strategy spread across the world without discrimination between developed or developing countries. In India, Bureau of Indian Standards (BIS) issued ‘eco mark’ in 1991 which covers the product’s environmental and quality performance. The scheme covers a wide range of possible environmental impacts of products like degradable, recyclable, sourced material, packaging to name a few.

The study conducted among the respondents of Kerala who belongs to the groups of Professionals, Businessman and self employed persons. The North Kerala strata include Malappuram, Kozhikode, Wayanad, Kannur and Kasargod districts, from which 600 respondents was chosen for the study.

The main aim of the study is to examine the consumers' preference towards eco-labelled products. The different eco friendly aspects of products are observed under this study. The study also tries to consumers' awareness on eco labelled strategy and eco labelled products. The study reveals that respondents are aware of eco labelled products. The eco friendly features of the products are also considered while they make purchase decision.

**Keywords:** Eco-labelling, Eco-label, degradable

### INTRODUCTION

A company’s strategy consists of a combination of competitive moves and business approaches that managers employ to please customers compete successfully and achieve organisational objectives (Datta, S. 2006). The company should be ready to compare its strategies, products, prices, channels and promotions with those of its close competitors. Competitive marketing strategy includes two steps- competitor analysis and developing competitive marketing strategies. Historically, marketers developed products that met consumers’ needs at affordable prices and communicated the brand information in a memorable way. A society becomes more concerned about the environment when it experiences that mass production, mass consumption and mass marketing of irresponsible products lead to environmental degradation (Panda, T.K. 2008).

The Harappan or Indus valley civilisation reveals the existence of branding in the form of seals. These seals were attached to goods which were used for dispatching information and for trade marking goods. Eco-labels are labels that inform consumers that the product is environmentally friendlier when compared to their counter parts in the same category.

The success of environmental product differentiation depends on the mechanism that uses credible labels which are capable of informing consumers regarding the eco attributes of the product (Kuhn, M. 2005).

The system of eco-labelling was started by Non Governmental Organisations (NGOs), but nowadays European Union has legislation for eco-labelling and has their own labels. Since 1978, eco-labels became one of the most high profiled market based tools for achieving environmental objectives. Germany’s ‘Blue angel’ (Germany’s Blauer Engel) programme is the oldest and most successful eco-labelling programme developed in 1978. During the late 1980s and early 1990s, 15 independent national and multinational eco-labelling schemes were introduced in the European Nations (EN) alone. In 1989, International Organization for Standardization (ISO) issued a basic standard relating to eco-labelling ‘Environmental Labels and Declarations – General Principles’ (ISO 14020). The UN Conference on Environment and Development (UNCED) conducted at Rio de Janeiro in 1992 internationally recognized the term ‘eco-labelling’ for the first time. Thereafter governments agreed to the expansion of environmental labels and environmental related product information programmes designed to assist the consumers in order to make environmentally informed choices.

In India, Bureau of Indian Standards (BIS) issued ‘eco mark’ in 1991 which covers the product’s environmental and quality performance. The scheme covers a wide range of possible environmental impacts of products like degradable, recyclable, sourced material, packaging to name a few. But it does not give importance to product specific criteria to check the Life Cycle Analysis (LCA) of products. LCA is based on the complete study of a product, from cradle to grave, or from raw material extraction and production processes to a consumer’s use and disposal of the product. The symbol of ‘earthen pot’ has been accepted as the logo of Indian eco-label. 17 product categories and around 130 sub products come under this scheme. It includes soap and detergents, electric and electronic goods, food items, cosmetics, coir products and so on.

**DATA COLLECTION AND ANALYSIS**

Data collected from the primary source. 600 respondents were collected from the northern districts of Kerala. The North Kerala strata include Malappuram, Kozhikode, Wayanad, Kannur and Kasargod districts, from which Kozhikode, Malappuram and Kannur was chosen for the study. Simple random technique is used to select the three districts from the northern region of Kerala. In the second stage, purposive sampling technique is used to select the respondents from the rural and urban areas of selected districts.

**Allocation of Sample Size of Consumers to the Selected Districts**

Sl. No.	Districts	Area	Samples
1.	Malappuram	Rural	100
		Urban	100
2.	Kozhikode	Rural	100
		Urban	100
3.	Kannur	Rural	100
		Urban	100

**Demographic Profile of the Select Consumers**

In this study, demographic factors like gender, marital status, and type of family, profession and income group were obtained rationally from the respondents to identify the behaviour of consumers of eco-labelled products in Kerala.

**Consumer's Preference on eco-labelled products on the basis of Gender**

		Consumer's Preference on eco labelled products			
		High	Moderate	Low	Total
Gender	Male	300	20	30	350
	Female	192	32	26	250
Total					600
<b>Pearson Chi Square</b>		<b>Value .416<sup>a</sup> (d.f 2)</b>			<b>Sig.889</b>

The Pearson Chi square value show that (Value of the Chi Square .416<sup>a</sup> with p= .889 > 0.05) they are not statistically significant standing at 5 percent level of significance.

**Preference on eco-labelled products on the basis of marital status**

		Consumer's Preference on eco labelled products			
		High	Moderate	Low	Total
Marital status	Married	252	187	30	469
	Unmarried	75	30	26	131
Total					600
<b>Pearson Chi Square</b>		<b>Value 12.575<sup>a</sup></b>	<b>df 2</b>		<b>Sig. 008</b>

The Pearson Chi Square supported this association, as the value of the chi square was statistically significant at 5% level of significance (Value of the Chi Square 12.575<sup>a</sup> with p= .095 < 0.05).

**Consumer's Preference on eco-labelled products on the basis of Type of Family**

		Consumer's Preference on eco labelled products			
		High	Moderate	Low	Total
Type of family	Joint	16	92	40	148
	Nuclear	52	242	94	388
Total					600
<b>Pearson Chi Square</b>		<b>Value .924<sup>a</sup></b>	<b>df 2</b>		<b>Sig. .649</b>

The Pearson Chi square value shows that (Value of the Chi Square .924<sup>a</sup> with p= .649 > 0.05) they are not statistically significant at the 5 percent level of significance.

**Consumer's Preference on eco-labelled products on the basis of Profession**

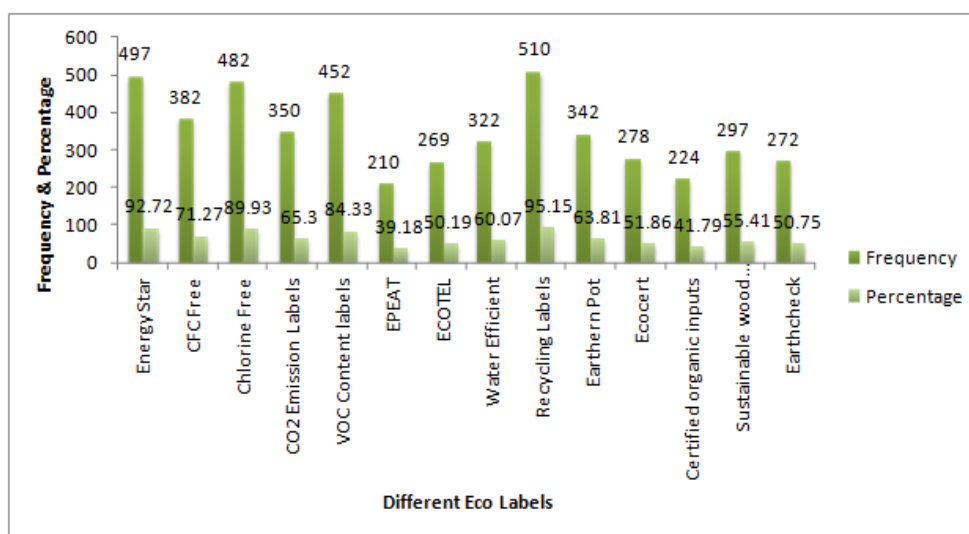
		Consumer's Preference on eco labelled products			
		High	Moderate	Low	Total
Profession	Professionals	120	169	68	221
	Businessman	104	127	18	249
	Self Employed	46	56	28	130
Total					600
<b>Pearson Chi Square</b>		<b>Value 62.183<sup>a</sup></b>	<b>df 4</b>		<b>Sig .000</b>

The Pearson Chi Square supported this association, as the value of the chi square was statistically significant at 5% level of significance (Value of the Chi Square 62.183<sup>a</sup> with p= .000 < 0.05).

**Consumer's Preference on eco-labelled products on the basis of Income**

		Consumer's Preference on eco labelled products			
		High	Moderate	Low	Total
Income	Below Rs.30000	28	32	25	85
	Rs.30000-80000	64	46	32	142
	80000-130000	45	56	24	125
	130000- 180000	49	75	18	142
	Above 180000	64	27	15	106
Total					600
<b>Pearson Chi Square</b>		<b>Value 12.585<sup>a</sup></b>	<b>df 8</b>	<b>Sig .395</b>	

The Pearson Chi Square did not support this association, as the value of the chi square was statistically significant at 5% level of significance (Value of the Chi Square 12.585<sup>a</sup> with p= .395 > 0.05).



**Figure1: Bar Diagram showing the respondents awareness on different eco-labels**

95.15 percent are aware of recycling labels, 92.72 percent knows about energy star, 89.93 percent are aware of chlorine free labels and 84.33 percent knows about VOC content labels. 71.27 percent are aware of CFC free labels that are already banned. 65.3 percent knows about CO2 emission labels and 63.81 percent knows about earthen pot label. 60.07 percent knows about water efficient labels, 41.79 percent knows on certified organic inputs, 50.19 percent knows on ECOTEL and 39.18 percent about EPEAT. The awareness of other labels mentioned in the bar diagram are comparatively low.

### **FINDINGS**

1. Gender has no association with preference for purchasing eco-labelled products.
2. The marital status of respondents has an association with the purchasing decision of eco-labelled products. Most of the purchasing decisions are taken jointly.
3. The type of family has no association with the purchasing decision of eco-labelled products. Most of the purchasing decisions are taken jointly.
4. The professional background of the respondents has an association with the level of preference for purchasing eco-labelled products.
5. The income level of customers has no association with preference for purchasing eco-labelled products. Now a days, purchasing decisions are not influenced by the income due to availability of easy finance arrangements from various financiers.

### **SUGGESTIONS**

The focus on young group can create huge impact in green consumption. This study establishes an empirical role of youngsters in taking product purchase decision. Green protocol should be promoted at work places. The public should be given right awareness on the need of using biodegradable products for reducing, reusing and recycling plastic products in order to reduce adverse impact on environment. Measures should be taken by the manufacturers and dealers to educate customers through advertisements, brochures, and social media.

The middle income group constitutes the major junk of population. The increasing urbanisation, easy access to different modes of financing from different agencies and higher disposable income of the middle income group lead to increase in consumption of premium products. Therefore, appropriate marketing strategies should be designed targeting the middle income group. The NGOs, government and consumer associations should look forward to spread the message of green products.

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